AFS: R.W. Ross
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Memorandum of Conversation

DATE: July 25, 1958

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SUBJECT: Ghana's Volta River Project

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PARTICIPANTS: The Honorable Kimla A. Gbedemah, Minister of Finance.
The Honorable Kojo Botsio, Minister of Trade and Industries.
Mr. A.E. Adu, Permanent Secretary, Ministry of Defense and External Affairs.
Commander Sir Robert Jackson, Chairman, Ghana Development Commission
Mr. Enoch Okoh, Acting Secretary to the Cabinet.

COPIES TO: Mr. Amon Nikoi, Third Secretary, Ghana Embassy.
Mr. Richard Akwei, Second Secretary, Ghana Embassy.
Mr. H.R. Amonoo, Second Secretary, Ghana Embassy.
Under Secretary C. Douglas Dillon, W.
Mr. Joseph Palmer 2nd, Deputy Assistant Secretary, AF.
Mr. C. Vaughan Ferguson, Jr., Director AFS.
Mr. William R. Duggan, AFS.
Mr. Robert W. Ross, AFS.
Mr. Stuart Van Dyke, ICA.
Mr. Carl Flesher, ICA.

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Mr. Dillon said that the United States Government is most anxious to see increased interest by the aluminum companies in Ghana's Volta River Project, but that the Prime Minister and his colleagues had clearly stated the dilemma: the companies want assurances of cheap electric power before investing. He outlined our efforts to stimulate the interest of American aluminum producers in the project. Kaiser Industries, he said, have proposed a course of action which commends itself for consideration. They have offered to update the existing 1955 engineering study of the dam and hydro-electric facilities and to translate it into American terms. Kaiser would ask no profit for this work. We believe this is a good proposal, would like to see an engineering company undertake such a report, and are willing to assist

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to assist in financing it. Mr. Dillon said that the U.S. would be willing to bear half the cost of the updating study, but said this could be discussed later. He said that Kaiser had also indicated a willingness to take the lead in exploring the possibilities for formation of a joint company in connection with the aluminum production sector of the project.

The Minister of Finance said that Ghana cannot seem to get started on the Volta Project. Their "partners", the Aluminium Company of Canada, have already assumed other obligations which exhaust their investment capabilities. Mr. Gbedemah said Ghana has also had evidences of interest by other groups, mentioning specifically the Banque de Paris and several German companies. The question, he said, is what the U.S. Government is willing and able to do to help.

Mr. Dillon said we believe the next step should be the updating of the report by an engineering company. The question of whether or not Kaiser would be selected is one to be worked out with the Government of Ghana. He thought there would be some advantage in utilizing Kaiser because of its aluminum operations, which would assure that the new study would be focussed on the end-product - that is, aluminum production.

Sir Robert Jackson said he would recommend to the Minister (Botsio) the selection of Kaiser to do the study. He said that they are extremely capable and that he was greatly impressed with Kaiser's construction performance in Australia. Sir Robert said he believed Kaiser might be able to recommend construction short-cuts which would shorten the construction time, resulting in reduction of interest charges and ultimate reduction of the cost of the power produced.

Minister Botsio said he believed the next step should do more than merely updating the 1955 report. He went on to say that the dam and hydro-electric facilities should not be tied, in our considerations, exclusively to the aluminum operations. He said that the availability of cheap power would attract and create a host of new industries, and would be economically advisable e n if aluminum production never got under way.

The Under-Secretary admitted that we had been led to believe that ninety-five per cent (95%) of the power was earmarked for aluminum production and that no other substantial consumption would be possible. He said that other potential uses for the power output might change the picture. If so, we would be glad to consider them. Mr. Dillon went on to say that the present temporary recession in the aluminum industry should not be considered as anything but a

short run

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short run problem, as new uses are constantly being found (He outlined some of these potentials).

Sir Robert said that he would like to see Kaiser do the construction because their possible ability to save time on construction might place Ghana in a position to move it quickly if and as the aluminum industry picked up. He said the Prime Minister feels very strongly that availability of cheap power would attract industries to Ghana and is of paramount importance in the country's industrialization. Dr. Nkrumah believes, Sir Robert said, that his Government must perform the "act of faith" embodied in construction of the dam to meet his people's aspirations. Sir Robert said that after updating the survey the Government of Ghana might decide to forego its plans in education, agriculture, etc., to go ahead, on its own if necessary, with this "act of faith", i.e., construction of the dam.

Mr. Dillon said the U.S. could not promise to move ahead without the new data the proposed study would provide. We want to avoid, he said, the raising of false hopes in Ghana.

Mr. Gbedeman said that without any action on their part (The Ministers and the Prime Minister) "high hopes" for U.S. assistance exist in Ghana. Because of this, he said, the group would like from the Department a statement of willingness to lend assistance. Mr. Dillon said that it was to this problem that Under-Secretary Herter had alluded when he spoke of a joint statement in the earlier meeting. Mr. Dillon said that the major task in drafting such a statement would be in careful wording to avoid over-optimism while conveying the fact that we do want to give Ghana such help as we can with respect to the project if it is ascertained to be economically feasible. In addition we are, of course, prepared to continue and expand our technical assistance program.

The Minister of Finance recalled that Ghana became a member of the World Bank primarily to have the right to borrow from that agency. Previous approaches to the Bank, he said, had elicited little interest but he believes that if the United States Government were committed to assist in financing the project the Bank would be interested. Mr. Dillon said that our lending efforts, particularly those of the Development Loan Fund, are closely coordinated with the World Bank. He pointed out that the American representative on the IBRD also serves on the DLF board.

Mr. Gbedemah's final point was that he and his colleagues believed that the World Bank should not be approached for assistance on anything but the Volta Project. They therefore hoped to finance their development plan from other sources.

Note: During the meeting Mr. Flesher arranged for a meeting in Blair House at 3:30 in order for Ghanaian officials to talk with Kaiser representatives.

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